

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1976

\$
185

180

175

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U.S. DOLLARS / FINE OZ.

© I.M.F. GOLD SALES
AVE. PRICE

Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec

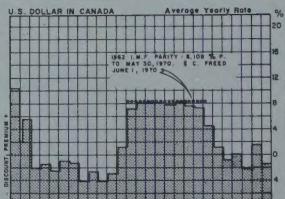
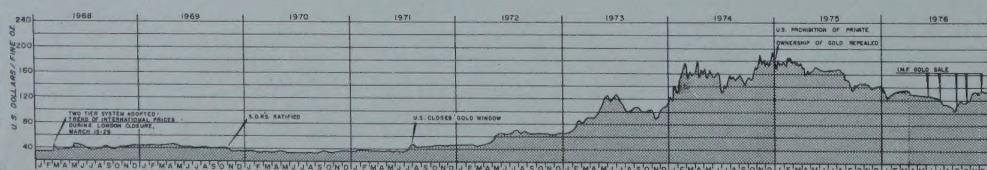
LONDON ; Second FIXING

IN U.S. DOLLARS

1976 DAILY GOLD PRICE

DOME MINES LIMITED

GOLD - Weekly Average Price



CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1976

ANNUAL MEETING OF SHAREHOLDERS

will be held
at 11:00 o'clock a.m. (Toronto time)

Tuesday, April 26, 1977
Library, Royal York Hotel
TORONTO, ONTARIO

Campbell Red Lake Mines Limited

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ont. P0V 1C0)

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

365 Bay Street, Suite 600, Toronto, Ont. M5H 2V9

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto, Ont. M5H 2P6
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015

TRANSFER AGENTS

Sterling Trust Corporation, 372 Bay Street, Toronto, Ont. M5H 2X2
The Bank of New York, 48 Wall Street, New York, N.Y. 10015

DIRECTORS

Fraser M. Fell	Toronto, Ont.
William F. James	Toronto, Ont.
John K. McCausland	Toronto, Ont.
James B. Redpath	Toronto, Ont.
Malcolm A. Taschereau	Toronto, Ont.

OFFICERS

Chairman of the Board and President	James B. Redpath
Vice-President	Malcolm A. Taschereau
Secretary	Fraser M. Fell
Assistant Secretary	John H. Hough
Treasurer	Edmund J. Andrecheck
Manager	Stewart M. Reid
General Superintendent	Allan H. Ludwig

AUDITORS

Clarkson, Gordon & Co., Toronto, Ont. M5K 1J7

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto, Ont. M5K 1C1

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	1976	1975
Tonnage Milled	300,535	299,560
Ounces Gold Produced	184,610	185,228
Average Price realized per ounce on sales during the year	\$123.86	\$162.14
Value of Bullion	\$22,870,000	\$29,467,000
Operating Costs	\$ 9,475,000	\$ 8,083,000
Taxes (Provincial and Federal)	\$ 8,012,000	\$11,640,000
Net Income	\$ 7,573,000	\$11,366,000
Net Income per share	\$0.95	\$1.42
Current Assets	\$33,852,000	\$33,997,000
Current Liabilities	\$ 6,484,000	\$ 6,449,000
Working Capital	\$27,368,000	\$27,548,000
Number of Shareholders — December 31	7,396	6,850
Dividends Declared	\$ 7,199,000	\$ 4,799,000
Dividends declared per share	\$0.90	\$0.60
Shares Issued	7,999,000	7,999,000

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1976)



Toronto, Ontario,
March 25, 1977.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's balance sheet and statements of income, retained earnings and changes in financial position, together with the Report of the Auditors thereon and the Report of the Manager, covering the financial year ended December 31, 1976.

The gross production for 1976 was 184,610 ounces of gold as compared to 185,228 ounces for 1975.

The operating profit before deducting tax under The Mining Tax Act, outside exploration expenses and provision for federal and provincial income tax was \$13,395,000. The non-operating revenue was \$2,844,000. These combined gave a total of \$16,239,000. Tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to \$8,666,000 leaving net income of \$7,573,000 as compared to \$11,366,000 a year ago. Your Company declared dividends totalling 90¢ per share during the year as compared to 60¢ in 1975. The dividends in 1975 were limited by restraints under the Anti-Inflation Act. However, clarification of the applicable regulations in February 1976 permitted the payment of an additional 15¢ per share and an extra dividend for this amount was declared on April 26, 1976.

The net income decreased due to substantially lower gold sale prices which during the year averaged \$123.86 Canadian as compared to \$162.14 the previous year. In addition, operating costs continued to increase as a result of continually increasing wages and costs of supplies and were up 17% over 1975.

The tonnage milled during 1976 totalled 300,535 tons which represents an average milling rate of 821 tons per day. The yield per ton was 12.29 dwt. as compared to 12.37 dwt. in 1975.

Ore reserves were increased by 97,300 tons to a total of 1,734,000 tons reflecting continued emphasis on underground development which was increased by 8% over the previous year. The ore in place showed a grade of 13.74 dwt.

Dome Petroleum Limited again had a most satisfactory year with net income of \$55,254,000. Your Company's holdings in Dome Petroleum amount to 100,000 shares.

Your Company continued to participate with the parent company, Dome Mines Limited and affiliated companies, Sigma Mines (Quebec) Limited and Dome Petroleum Limited in a mineral exploration program conducted by Dome Exploration (Canada) Limited. The exploration program was the largest to date and your Company's share in this is 21% of all projects initiated from January 1, 1969. Details of the exploration program appear on page fifteen of this report.

CAMPBELL RED LAKE MINES LIMITED

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"The year 1976 opened with the price of gold on the free world markets at approximately \$140 per ounce in U.S. funds. A gradual decline which had set in following the December 30, 1974 high of \$197.50, continued during all of 1975 and the first eight months of 1976, reaching a low of \$103.05 per ounce at the morning price fixing of August 31st on the London Gold Exchange. U.S. Treasury sales in early and mid-1975, the announcement in September 1975 of the plans of the International Monetary Fund to sell by auction a portion of its gold reserves over a four-year period, and the actual commencement of these sales on June 2, 1976, all had their effect on the gold price. Uncertainty as to the absorption of this gold in addition to current production soon proved unfounded, as bids at the I.M.F. auctions far exceeded the amounts being tendered. Though the results of the first two auctions appeared to have a depressing effect on free market prices, the subsequent auctions on September 15th, October 27th and December 8th clearly had little or no effect as the price of gold gradually increased and closed out the year at \$134.50 per ounce. World inflationary trends continue with the accompanying problems of international liquidity. Erosion in the values of paper currencies, such as occurred again during 1976, enhance the perception of gold as a storehouse of value and a hedge against inflation."

Your Directors again wish to record their appreciation for the effective planning and direction by management and staff and to thank all employees for their loyalty and untiring efforts to increase the efficiency of the Company's operations.

Respectfully submitted,

On behalf of the Board,

JAMES B. REDPATH,
Chairman of the Board and President.

Campbell Red Lake Mines Limited

ACCOUNTING POLICIES DECEMBER 31, 1976 and 1975

The following is a summary of the principal accounting policies of the company. These policies are in conformity with generally accepted accounting principles in Canada and are also, in all material respects, in conformity with those generally accepted in the United States.

A. Basis of accounting for Dome Petroleum Limited

Dome Mines Limited, the parent company, owns 26% of the common shares of Dome Petroleum Limited and accounts for the investment by the equity method.

Therefore the investment of .8% in Dome Petroleum Limited is also accounted for on the equity method whereby the company's investment is carried at cost plus its share of undistributed earnings. The excess of the cost of this investment over the underlying book value at the various dates of acquisition is attributable to Dome Petroleum's oil and gas reserves and is being amortized to income by reference to annual production in relation to the estimated recoverable reserves.

B. Valuation of inventories

Bullion on hand and in transit is valued at its estimated net realizable value. The method used in estimating net realizable value is:

- to value bullion sold to the date the estimate is made at actual net realized value, and
- to value unsold bullion on this date at 85% of the closing London price.

Mining and milling supplies are valued at cost determined on an average cost basis.

C. Valuation of investments

Except for the investment in Dome Petroleum Limited (A above), marketable securities and other investments with a quoted market value are valued at cost. All other investments are carried at cost except for Panarctic Oils Ltd. (acquired for development work) which has, since January 1, 1973, been carried at an amount expended since that date (with deferred income taxes arising as a result of writing these expenditures off for income tax purposes included as a deferred credit).

D. Valuation of capital assets

1. Buildings, machinery and equipment are shown at cost. Mining claims, properties and townsite land are at cost less amounts written off.
2. Upon sale or retirement, the cost of capital assets and the related depreciation or amortization are removed from the accounts and any gain or loss is taken into income.
3. Repairs and maintenance are charged to operations; major betterments and replacements are capitalized.

E. Depreciation and amortization

1. Depreciation on buildings, machinery and equipment is provided at the rate of 15% per annum on the straight-line method.
2. Mining claims and properties are being amortized at the rate of 15% per annum on the straight-line method.

F. Mine development and exploration expenditures

All mine development, shaft sinking, and exploration expenditures are charged against income as incurred.

G. Income and mining taxes

The company follows the tax allocation method of accounting. Under this method, timing differences between the amount of income reported for tax purposes and the amount of accounting income (which arise principally as a result of claiming depreciation and exploration at rates differing from those recorded in the accounts), result in provisions for deferred taxes and these are segregated in the deferred income and mining tax account at the year-end.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Bullion revenue	<u>\$22,870,000</u>	<u>\$29,467,000</u>
Operating costs:		
Development	1,488,000	1,184,000
Mining	3,601,000	3,224,000
Milling	1,993,000	1,723,000
Refining and marketing	214,000	236,000
General and administrative	1,198,000	915,000
Taxes other than income and mining	185,000	128,000
Depreciation and amortization	796,000	673,000
	9,475,000	8,083,000
Operating profit	<u>13,395,000</u>	<u>21,384,000</u>
Interest and miscellaneous income	2,474,000	1,847,000
	15,869,000	23,231,000
Outside exploration expenses	654,000	530,000
Income before taxes and equity in earnings of Dome Petroleum Limited	<u>15,215,000</u>	<u>22,701,000</u>
Income and mining taxes (note 2):		
Federal income tax	4,153,000	5,820,000
Provincial income tax	1,324,000	1,910,000
Provincial mining tax	2,535,000	3,910,000
	8,012,000	11,640,000
Income after taxes, before equity in earnings of Dome Petroleum Limited	7,203,000	11,061,000
Equity in earnings of Dome Petroleum Limited (note 3)	370,000	305,000
Net income for the year	<u>\$ 7,573,000</u>	<u>\$ 11,366,000</u>
Net income per share	<u>\$ 0.95</u>	<u>\$ 1.42</u>

STATEMENT OF RETAINED EARNINGS YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Balance, beginning of the year	<u>\$32,654,000</u>	<u>\$26,087,000</u>
Add net income for the year	7,573,000	11,366,000
	40,227,000	37,453,000
Deduct dividends (1976 — \$0.90 per share; 1975 — \$0.60 per share)	7,199,000	4,799,000
Balance, end of the year	<u>\$33,028,000</u>	<u>\$32,654,000</u>

(See accompanying notes to financial statements)

C A M P B E L L R E D L A

(Incorporated under)

BALANCE SHEET DEC

ASSETS

	1976	1975
Current assets:		
Cash, including bank term deposits	\$ 10,877,000	\$ 9,612,000
Bullion (note 4)	4,182,000	4,172,000
Short-term commercial paper, at cost	13,752,000	16,480,000
Marketable securities (schedule attached)	2,592,000	1,587,000
Sundry receivables	833,000	590,000
Mining and milling supplies	1,616,000	1,556,000
	<hr/>	<hr/>
Investments (schedule attached — note 3)	4,296,000	3,737,000
	<hr/>	<hr/>
Capital assets:		
Buildings, machinery and equipment	11,824,000	11,019,000
Less accumulated depreciation	8,582,000	7,886,000
	<hr/>	<hr/>
3,242,000	3,133,000	
Mining claims and properties	134,000	176,000
Townssite land	87,000	93,000
	<hr/>	<hr/>
	3,463,000	3,402,000
	<hr/>	<hr/>
	\$41,611,000	\$41,136,000

(See accompanying note.)

AUDITOR

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1976 and 1975 and the statements of income, retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

K E M I N E S L I M I T E D

(the laws of Ontario)

MBER 31, 1976 AND 1975

LIABILITIES AND SHAREHOLDERS' EQUITY

	1976	1975
Current liabilities:		
Salaries and wages payable	\$ 248,000	\$ 198,000
Accounts payable	505,000	549,000
Accrued charges	210,000	202,000
Accrued taxes (note 2)	3,121,000	4,300,000
Dividends payable	2,400,000	1,200,000
	<hr/> 6,484,000	<hr/> 6,449,000
Deferred income taxes	478,000	412,000
Shareholders' equity:		
Capital –		
Authorized:		
8,000,000 shares of \$0.50 par value each		
Issued:		
7,999,000 shares	4,000,000	4,000,000
Discount (net) on shares issued	2,379,000	2,379,000
	<hr/> 1,621,000	<hr/> 1,621,000
Retained earnings	33,028,000	32,654,000
	<hr/> 34,649,000	<hr/> 34,275,000
On behalf of the Board:		
J. B. REDPATH, Director		
F. M. FELL, Director	<hr/> \$41,611,000	<hr/> \$41,136,000

to financial statements)

REPORT

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1976 and 1975 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis during the period.

Toronto, Canada,
March 24, 1977.

CLARKSON, GORDON & CO.,
Chartered Accountants

Campbell Red Lake Mines Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION YEARS ENDED DECEMBER 31, 1976 AND 1975

	1976	1975
Source of working capital:		
Operations —		
Net income for the year	\$ 7,573,000	\$ 11,366,000
Items not affecting working capital:		
Depreciation and amortization	796,000	673,000
Increase in deferred income taxes	66,000	94,000
Equity in undistributed earnings of Dome Petroleum Limited (note 3)	(370,000)	(305,000)
Total	<u>8,065,000</u>	<u>11,828,000</u>
Disposition of working capital:		
Dividends	7,199,000	4,799,000
Expenditures on capital assets	857,000	1,097,000
Purchase of other investments	189,000	157,000
Total	<u>8,245,000</u>	<u>6,053,000</u>
Net increase (decrease) in working capital for the year	<u><u>\$ (180,000)</u></u>	<u><u>\$ 5,775,000</u></u>
Changes in components of working capital:		
Increase (decrease) in current assets —		
Cash and bank term deposits	\$ 1,265,000	\$ 1,020,000
Bullion	10,000	(1,537,000)
Short-term commercial paper	(2,728,000)	2,666,000
Marketable securities	1,005,000	198,000
Sundry receivables	243,000	(1,000)
Mining and milling supplies	60,000	197,000
	<u>(145,000)</u>	<u>2,543,000</u>
Increase (decrease) in current liabilities —		
Salaries and wages payable	50,000	36,000
Accounts payable	(44,000)	47,000
Accrued charges	8,000	62,000
Accrued taxes	(1,179,000)	(1,578,000)
Dividends payable	1,200,000	(1,799,000)
	<u>35,000</u>	<u>(3,232,000)</u>
Net increase (decrease) in working capital for the year	<u><u>\$ (180,000)</u></u>	<u><u>\$ 5,775,000</u></u>
Working capital, beginning of the year	<u>27,548,000</u>	<u>21,773,000</u>
Working capital, end of the year	<u><u>\$ 27,368,000</u></u>	<u><u>\$ 27,548,000</u></u>

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND OTHER INVESTMENTS DECEMBER 31, 1976 AND 1975

	1976		1975	
	Book value	Market value	Book value	Market value
Marketable securities:				
Government and government guaranteed short-term securities	\$1,087,000	\$1,111,000	\$1,087,000	\$1,081,000
Corporate bonds	1,505,000	1,528,000	500,000	478,000
	<u>\$2,592,000</u>	<u>\$2,639,000</u>	<u>\$1,587,000</u>	<u>\$1,559,000</u>
Other investments:				
With a quoted market value –				
Dome Petroleum Limited:				
Shares (1976 – 100,000; 1975 – 100,000)	\$3,641,000	\$4,062,000	\$3,271,000	\$3,425,000
With no quoted market value –				
Panarctic Oils Ltd.:				
Common shares, no par value (1976 – 190,090; 1975 – 155,509)	395,000	271,000		
Sundry	260,000	195,000		
	<u>\$4,296,000</u>	<u>\$3,737,000</u>		

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1976 AND 1975

1. Accounting policies

The principal accounting policies followed by the company are summarized under the caption "Accounting Policies".

2. Income and mining taxes

(a) The provision for income and mining taxes consists of:

	1976		1975	
	Current	Deferred	Current	Deferred
Federal income tax	\$4,099,000	\$54,000	\$ 5,750,000	\$ 70,000
Provincial income tax	1,312,000	12,000	1,886,000	24,000
Provincial mining tax	2,535,000		3,910,000	
	<u>\$7,946,000</u>	<u>\$66,000</u>	<u>\$11,546,000</u>	<u>\$ 94,000</u>

(b) Income and mining taxes for 1976 are provided at a combined federal and provincial effective rate of 52.7%, an increase of 1.4% over 1975.

The difference between the combined federal and provincial basic statutory rate and that used in calculating the provision for income and mining taxes is made up as follows:

	<u>1976</u>	<u>1975</u>
Income taxes —		
Basic statutory rate (combined)	48%	52.0%
Less: Resource allowance	7.9	
Depletion	4.1	3.8
Resource tax abatement		13.5
Sundry .....		.6
	<u>12.0</u>	<u>17.9</u>
Effective rate	36.0	34.1
Mining taxes —		
Average rate	16.7	17.2
Total income and mining tax rate used	<u>52.7%</u>	<u>51.3%</u>

3. Summary of investment in Dome Petroleum

	<u>1976</u>	<u>1975</u>
Cost of acquisition	\$2,768,000	\$2,768,000
Equity in undistributed earnings	873,000	503,000
	<u>\$3,641,000</u>	<u>\$3,271,000</u>
Market value (which is not necessarily indicative of realizable value)	\$4,062,000	\$3,425,000
Number of shares	<u>100,000</u>	<u>100,000</u>

The unamortized excess of cost of investment over the underlying book value at the various dates of acquisition was: 1976 — \$1,456,000; 1975 — \$1,648,000.

4. Bullion

Bullion on hand and in transit is valued at the net estimated realizable value at the year end (1976 — \$127 per ounce; 1975 — \$130 per ounce).

5. Remuneration of directors and officers

The total remuneration paid in respect of 1976 by the company to its directors and senior officers (defined by The Business Corporations Act, Ontario, 1970 to include the five highest paid employees) amounted to \$189,000 (1975 — \$159,000).

6. Anti-Inflation Program

Under the federal government's anti-inflation program (presently scheduled to be in force until December 31, 1978) the company is subject to mandatory compliance with controls on profits, employee compensation and dividends. Dividends during the year ending October 13, 1977 may not exceed \$0.91 per share. Management is of the opinion that the company is in compliance with the requirements of the anti-inflation legislation.

Campbell Red Lake Mines Limited

REPORT OF THE MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1976 is submitted for your consideration.

During the year 320,374 tons were hoisted, of which 300,535 tons were ore and 19,839 tons were waste.

The 300,535 tons of ore milled yielded bullion containing 184,610 ounces of gold, the average yield being 0.615 ounces per ton or 12.29 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. As in the past, all production was sold on the free market, settlement being made in equivalent Canadian funds at prevailing exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all sales during the year averaged \$123.86 Canadian per ounce.

MINING:

In all, 271,342 tons of a grade of 13.91 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 105,800 tons remains in the stopes, a decrease of 4,700 tons from the previous year.

The main stoping operations were above the 15th or 2,200-foot level. Ore removed by cut-and-fill mining was 31.6% of the total ore mined.

DEVELOPMENT:

Development was distributed from the 2nd level to the 21st level. Of this work 52% was drifting and raising in known ore zones.

Diamond drilling totalling 30,301 feet was done as a guide to development and mining.

The following table shows details of development and diamond drilling completed during the year.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1976

Level	Drifts	Crosscuts	Raises	Slabbing	Total	Diamond Drilling
2nd .....	.....	.....	.....	.....	.....	84
3rd .....	.....	.....	.....	.....	.....	780
4th	156	.....	.....	59	215	341
5th	27	.....	183	10	220	3,265
6th	454	.....	167	122	743	1,352
7th	175	.....	531	205	911	2,424
8th .....	.....	.....	158	13	171	.....
9th	72	.....	.....	.....	72	1,077
10th	515	.....	169	35	719	251
11th	187	.....	.....	100	287	1,002
12th	202	.....	.....	29	231	235
13th .....	.....	.....	195	18	213	167
14th	618	.....	.....	80	698	284
15th	69	.....	237	338	644	838
16th	300	.....	84	534	918	1,297
17th	937	.....	592	190	1,719	3,154
18th .....	.....	.....	365	33	398	.....
19th	202	.....	.....	21	223	557
20th	611	.....	.....	47	658	618
21st	1,568	.....	.....	173	1,741	12,575
TOTALS	6,093	.....	2,681	2,007	10,781	30,301

ORE PRODUCTION:

The mine produced 300,535 tons of ore during the year which averaged 13.39 dwt. The stopes produced 271,342 tons averaging 13.91 dwt. and development produced 29,193 tons averaging 8.60 dwt.

CAMPBELL RED LAKE MINES LIMITED

ORE RESERVES:

The ore reserves are estimated at 1,734,400 tons, an increase of 97,300 tons over the previous year. The ore reserves include 105,800 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1976 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1976
Surface to 1st Level	1,600	10.69	.....	260,004
1st Level to 2nd Level	4,500	10.69	500	348,094
2nd Level to 3rd Level	8,400	11.66	2,600	409,976
3rd Level to 4th Level	17,700	11.95	2,400	541,529
4th Level to 5th Level	26,700	13.17	19,500	575,904
5th Level to 6th Level	60,100	15.49	9,200	528,981
6th Level to 7th Level	42,600	12.11	20,600	699,774
7th Level to 8th Level	35,500	12.00	1,100	729,824
8th Level to 9th Level	36,700	14.34	1,500	520,930
9th Level to 10th Level	62,400	18.45	14,400	408,509
10th Level to 11th Level	98,900	16.49	19,200	193,334
11th Level to 12th Level	136,600	15.17	2,600	159,409
12th Level to 13th Level	178,400	14.34	1,600	126,096
13th Level to 14th Level	175,200	14.55	2,900	191,354
14th Level to 15th Level	190,500	14.01	6,900	118,510
15th Level to 16th Level	164,700	14.23	400	11,429
16th Level to 17th Level	145,500	12.62	100	6,311
17th Level to 18th Level	107,300	9.31	.....	9,028
18th Level to 19th Level	45,800	10.33	200	8,779
19th Level to 20th Level	50,900	10.76	100	7,227
20th Level to 21st Level	38,600	10.68	.....	.....
	1,628,600	13.74	105,800	5,855,002

Ore in Place	1,628,600
Broken Ore	105,800
	1,734,400

Increase over 1975 is 97,300 Tons

MILL:

The following are results of milling operations:

Tons of ore treated	300,535
Average tons per calendar day	821 tons
Average grade of ore treated	13.39 dwt. per ton
Recovery	12.29 dwt. per ton
Recovery percentage	91.73%

COSTS:

The expenditure on mining was \$3,601,000 or \$11.98 per ton milled.

The expenditure on development (excluding ore and waste passes and crusher station) was \$1,449,000 or \$4.82 per ton milled.

Operating costs (excluding depreciation and amortization) were \$28.88 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were \$840,216. This amount includes employee dwellings, new curling rink, new mill equipment, additions to mill dry and surface dry, new truck for Maintenance Department, underground loaders, slushers and rock-drills.

CAMPBELL RED LAKE MINES LIMITED

The details of changes in plant buildings and equipment are as follows:

Additions:

Mine equipment	\$ 56,428
Mill buildings and equipment	390,252
Surface buildings and equipment	393,536
Total	<u>\$840,216</u>

EXPLORATION:

Campbell Red Lake Mines Limited continued participation in the exploration program conducted by the parent company, Dome Mines Limited, and maintained its 30% interest in those projects which commenced prior to January 1, 1969 and its 21% interest in those which commenced after this date.

Highlights of the 1976 program are summarized below.

Nova Scotia:

A participation, with outside partners, in the exploration of a large claim group.

Quebec:

Detailed exploration on fifteen major projects involving extensive ground geophysical surveys and 87 drill holes. Exploration of a uranium prospect on which further work will be carried out in 1977.

Participation, with an outside partner, in the continuing exploration of a thirty-two square mile exploration permit in New Quebec near which there are known copper and uranium prospects.

Two new projects upon which detailed exploration will be carried out in 1977.

Ontario:

Four base metal projects, on three of which drilling was carried out during the year.

Several airborne radiometric surveys, totalling 5,100 line miles, which will be followed up on the ground during 1977.

An intensive drilling program on a gold prospect discovered in previous years.

A participation, with an outside partner, on a uranium exploration program near a uranium mine which is being prepared for production.

A continuing exploration program on a gold prospect which is being explored on a joint venture basis with a group of major companies.

Manitoba:

A joint venture with the Government of Manitoba in the drilling of seven holes on a uranium prospect.

Exploration of a number of radioactive indications on three claim groups staked in 1975.

Western Canada:

Participation, with outside partners, in three joint ventures in Western Canada.

A drilling program on a molybdenite prospect in central British Columbia.

Alaska:

Participation, with outside partners, in a continuing exploration program in Alaska.

In 1977 work will be concentrated on a uranium prospect acquired during 1976.

General:

Participation in an international consortium to investigate methods of recovering metal-bearing nodules from the deep-ocean floor.

Exploration continued on three properties adjacent to Campbell. Under the agreement with Dome and subsidiary companies, as these properties are contiguous and adjacent to Campbell, this exploration is solely for Campbell's account. Major drill programs on two optioned properties failed to disclose significant mineralization. Exploration on the claim group staked by Campbell will be continued in 1977.

CAMPBELL RED LAKE MINES LIMITED

GENERAL:

The daily milling rate was constant at 821 tons per day and the stope grade maintained at 13.91 dwt. per ton. General labour is in plentiful supply but experienced drillers are not available.

We are continuing our efforts to examine all marginal ore possibilities in the upper areas of the mine. This program has outlined some low grade, low tonnage possibilities that will slow our pillar removal program.

Total operating costs have increased 16.8% to \$28.88 per ton and 17.5% to \$47.02 per ounce. This can be attributed to a 12.4% increase in wages and some operating goods and services increasing by as much as 30%.

Operating revenues have decreased by 22.39% or \$6,597,000 due to a substantially lowered gold average price of \$123.86 per ounce against \$162.14 per ounce in 1975. Our ounce production was off slightly to 184,610 ounces, a decrease of less than 1%, while our tonnage remained relatively stable. This reduction reflects our efforts to mine as much marginal ore as is economically possible.

All development work was concentrated above the 21st level.

Exploration drives on the 21st level are investigating virgin territory to the northwest and southeast areas of our property.

Ore reserves are being maintained and show a modest increase over 1975.

A five sheet curling rink has been added to our recreational facilities and is much used by the entire district.

Ten new dwellings have been erected or purchased during the year. Four rental units in Balmertown and the remainder purchased for employees in Red Lake and Cochenour.

Four more employees were inducted into our Quarter Century Club, bringing total membership to nineteen.

Our Safety program continues to show excellent results with only five compensable accidents recorded in 1976.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid, and distribution of taxes.

In conclusion, I wish to record my sincere appreciation to Mr. Allan Ludwig, General Superintendent, heads of the operating departments and to all members of the staff for their co-operation, efficiency and loyalty.

Respectfully submitted,

Balmertown, Ontario.
February 25, 1977.

STEWART M. REID,
Manager.

LIST OF EXPENDITURES OF THE COMPANY AND THE LOCATION OF THE VARIOUS SUPPLIERS

Total supplies and services	\$ 7,066,000
Total amount of wages and salaries	4,750,000
Income taxes	5,477,000
Mining taxes	2,535,000
Other taxes (Provincial and Municipal)	185,000

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Atikokan	Dundas	North Bay	St. Laurent
Ayers Cliff	Ear Falls	North Gower	St. Thomas
Balmertown	Edmonton	Oakville	South Porcupine
Barrie	Gananoque	Orillia	Sudbury
Belleville	Guelph	Ottawa	Thornbury
Bramalea	Haileybury	Pointe Claire	Thornhill
Brampton	Hamilton	Preston	Thunder Bay
Burlington	Kenora	Red Lake	Toronto
Calgary	Kitchener	Renfrew	Vancouver
Cambridge	Kirkland Lake	Rexdale	Vermilion Bay
Cochenour	Lachine	Saskatoon	Waterloo
Don Mills	Lakefield	Sault Ste. Marie	West Hill
Dorval	Mississauga	Scarborough	Weston
Downsview	Montreal	St. Catharines	Willowdale
Dryden	New Liskeard	St. Hyacinthe	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM
SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
	1	3
British Columbia	1	3
Manitoba	1	69
Ontario	49	148
Quebec	6	16
Alberta	2	7
Saskatchewan	1	1
United States of America	3	4
	<u>63</u>	<u>248</u>

FIVE-YEAR REVIEW

	1976	1975	1974	1973	1972
Production:					
Tons milled (in thousands)	301	300	290	304	303
Fine ounces (in thousands)	185	185	197	196	197
Recovery value per ton	\$ 76.10	\$ 98.37	\$ 110.05	\$ 65.41	\$ 38.31
Number of employees at year-end	342	315	313	306	292
Financial (in thousands; except per share):					
Bullion revenue	\$ 22,870	\$ 29,467	\$ 31,895	\$ 19,871	\$ 11,596
Operating expenses	9,475	8,083	6,443	5,593	4,374
Operating profit	13,395	21,384	25,452	14,278	7,222
Interest income from affiliate				42	100
Other income	2,474	1,847	1,767	790	533
	15,869	23,231	27,219	15,110	7,855
Deduct outside exploration expenses	654	530	377	344	273
	15,215	22,701	26,842	14,766	7,582
Provision for taxes**	8,012	11,640	12,871	5,935	2,915
	7,203	11,061	13,971	8,831	4,667
Equity in earnings of affiliate	370	305	121	77	
Net income	\$ 7,573	\$ 11,366	\$ 14,092	\$ 8,908	\$ 4,667
Dividends declared	\$ 7,199	\$ 4,799	\$ 5,999	\$ 3,000	\$ 2,250
Per Share:*					
Net income	\$ 0.95	\$ 1.42	\$ 1.76	\$ 1.11	\$ 0.58
Dividends	\$ 0.90	\$ 0.60	\$ 0.75	\$ 0.38	\$ 0.28
Working capital at year-end	\$ 27,368	\$ 27,548	\$ 21,773	\$ 15,009	\$ 10,035
Total shareholders' equity at year-end	\$ 34,649	\$ 34,275	\$ 27,708	\$ 19,615	\$ 13,707
Total assets at year-end	\$ 41,611	\$ 41,136	\$ 37,707	\$ 23,657	\$ 16,265
Number of shareholders at year-end	7,396	6,850	6,723	5,919	5,411

* Restated to effect the 2 for 1 stock split May 10, 1974.

**Provision for taxes has been restated to include provincial mining taxes previously included in operating expenses.

CAMPBELL RED LAKE MINES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FIVE-YEAR REVIEW

Following the decision of the United States Treasury in August 1971 to suspend the convertibility of the dollar, the price of gold on the world's free markets increased dramatically. Opening the year 1972 at \$44.00 U.S. per ounce, it reached a high of \$197.50 in December 1974. A decline, influenced by U.S. Treasury sales in 1975 and by uncertainty as to the ability of the market to absorb I.M.F. sales planned to commence in 1976, then set in and the price of gold reached a low point of \$103.05 per ounce in August 1976 before recovering to close out the year at \$134.50.

As a result of higher gold sales prices, bullion revenue during each of the five years under review was higher than in any other year in the history of the Company. Costs of operation were adversely affected by inflation and increased at an average rate of 18% per year for a total increase during the period of 132%.

The introduction of graduated mining tax rates in 1972 and the termination of automatic depletion allowances and deductibility of mining taxes in the calculation of income taxes in 1974 resulted in significantly higher effective rates of taxation. These increased from 38% of the profit before taxes in 1972 to 53% in 1976.

Notwithstanding the above, net income of the Company increased during the period from \$4,667,000 in 1972 to an all-time high of \$14,092,000 in 1974. In 1976 the net income, though substantially lower, was still 38% above that reported in 1972.

Working capital of the Company increased substantially during the period from \$10,035,000 in 1972 to \$27,368,000 in 1976.

The Company is subject to controls under the Anti-Inflation Act. Under these controls, dividends declared during 1975 were limited to 60¢ per share. Clarification in early 1976 of the pertinent regulations resulted in an increase in the allowable limit and an extra dividend of 15¢ per share was declared in April. Based on 1976 earnings an extra dividend of 15¢ per share was also declared in December bringing the total dividends declared during the year 1976 to 90¢ per share.

Management views the immediate and also long-term outlook for gold with cautious optimism. Market studies indicate large increases during the year in industrial demand which had dropped significantly during the period of very rapid price escalation in 1973 and 1974. I.M.F. sales during the latter part of 1976 in addition to reported sales by Russia and China have not interrupted the steady price increase that commenced in September.

CAMPBELL RED LAKE MINES LIMITED

Directors and Executive Officers

The name and office held in the Company, principal occupation or employment, and principal business affiliation of each director and executive officer of the Company is as follows:

Name and Office in Company	Principal Occupation or Employment	Principal Business Affiliation
JAMES B. REDPATH, Chairman of the Board, President and a Director	Mining Executive	President, Dome Mines Limited and subsidiary companies, Toronto, Canada.
WILLIAM F. JAMES, Director	Consulting Geologist	Partner, James & Buffam, Consulting Geologists, Toronto, Canada.
JOHN K. McCausland, Director	Investment Broker (Retired)	Formerly Vice-President and Director, Wood Gundy Limited, Investment Dealers, Toronto, Canada.
MALCOLM A. TASCHEREAU, Mining Executive Vice-President and a Director		Senior Vice-President, Dome Mines Limited and Vice-President, Sigma Mines (Quebec) Limited, Toronto, Canada.
FRASER M. FELL, Q.C., Secretary and a Director	Solicitor	Partner, Fasken & Calvin, Barristers & Solicitors, Toronto, Canada.
EDMUND J. ANDRECHECK, Treasurer	Accountant	Treasurer, Dome Mines Limited and subsidiary companies, Toronto, Canada.

Principal Markets for Company's Shares

The New York Stock Exchange and The Toronto Stock Exchange are the principal markets in which the Company's shares are traded. Shown below are the high and low sales prices for the Company's shares on these exchanges for the periods indicated.

New York Stock Exchange	1976		1975	
	High	Low	High	Low
United States Dollars				
First Quarter	27½	18½	36¾	28½
Second Quarter	25¾	20¼	34¾	26¼
Third Quarter	22¾	16½	32¾	19¾
Fourth Quarter	26¾	19¼	24¾	17½
Toronto Stock Exchange	1976		1975	
	High	Low	High	Low
Canadian dollars				
First Quarter	27	18¼	36½	28
Second Quarter	24¾	20	35	27¼
Third Quarter	21½	16½	33	20½
Fourth Quarter	26¾	18½	24½	17¾

CAMPBELL RED LAKE MINES LIMITED

Dividends Paid (Canadian dollars)

The dividends declared on the Company's shares for each quarterly period during 1975 and 1976 are shown below.

	1976			1975		
	Declared per share			Declared per share		
	Regular	Extra	Total	Regular	Extra	Total
First Quarter	\$0.15	\$ —	\$0.15	\$0.15	\$ —	\$0.15
Second Quarter	0.15	0.15	0.30	0.15	—	0.15
Third Quarter	0.15	—	0.15	0.15	—	0.15
Fourth Quarter	0.15	0.15	0.30	0.15	—	0.15
Total for Year	<u>\$0.60</u>	<u>\$0.30</u>	<u>\$0.90</u>	<u>\$0.60</u>	<u>\$ —</u>	<u>\$0.60</u>

Annual Report on Form 10-K

Copies of the Company's form 10-K Annual Report to the United States Securities and Exchange Commission are available to shareholders without charge by writing to Fraser M. Fell, secretary of the Company, P.O. Box 30, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1C1.



Printed in Canada.